

Message Text

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PAGE 01 LISBON 03369 291529Z

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 PA-02 PRS-01 AID-05 IGA-02

EB-08 COME-00 H-02 CIAE-00 DODE-00 PM-04 INR-07

L-03 NSAE-00 NSC-05 SP-02 SS-15 USIA-15 /084 W

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 1134

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USIA FOR IOP/M, IEU/MCLAUGHLIN, IBS/PE/HAUSEMAN

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SUBJ: MEDIA REACTION - FLAP ON CONSORTIUM LOAN

REF: LISBON 3308

1. REUTERS REPORT QUOTING BOEKER CONGRESSIONAL TESTIMONY STATEMENT CREATED MAJOR FLAP IN PORTUGUESE MEDIA APRIL 28-29. FORTUNATELY, EMBASSY AND STATE DEPT CLARIFYING STATEMENTS TURNED TIDE AND PREVENTED WHAT WOULD HAVE BEEN OVERWHELMINGLY NEGATIVE ATTENTION TO REPORT THAT U.S. ASSISTANCE TO PORTUGAL WAS BEING SCALED DOWN. STATE RADIO PICKED UP EMBASSY DENIAL (TEXT IN REFTEL) IN ITS 1300 NATIONAL NEWSCAST ON APRIL 28, AND SAME DAY AFTERNOON NEWSPAPERS INCLUDED STATEMENT. STATE TELEVISION EVENING PRIME-TIME NEWSCAST FOCUSED SQUARELY ON THE DENIAL INSTEAD OF THE ORIGINAL REUTERS REPORT, AS DID ALL APRIL 29 MORNING PRESS EXCEPT FOR THE COMMUNIST PAPER. GOP FINANCE MINISTER ALSO WAS QUOTED BY SEVERAL APRIL 29 PAPERS AS SAYING THERE WAS NO REASON FOR CONCERN ABOUT THE REPORT FROM WASHINGTON.

2. FRONT-PAGE HEADLINES IN POSITIVE VEIN: LEADING-CIRCULATION, UNCLASSIFIED

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PAGE 02 LISBON 03369 291529Z

PRO-GOP "DIARIO DE NOTICIAS" APRIL 29

-- "THE LOAN OF 60 MILLIONS OF CONTOS: AMERICAN GOVERNMENT CONFIRMS ASSISTANCE"; CENTRIST "PRIMEIRO DE JANEIRO" OF OPORTO APRIL 29

-- "LOAN TO PORTUGAL CONTINUES TO BE PROCESSED NORMALY, AMERICAN EMBASSY IN LISBON CLARIFIES"; CENTRIST "JORNAL NOVO" APRIL 28

-- "AGAINST COMMUNIST PARTY LIES AND MANIPULATIONS:
MAJOR LOAN'S CONSORTIUM DID NOT 'GO TO PIECES'; U.S.
EMBASSY CONFIRMS AID TO PORTUGAL"; PRO-SOCIALIST APRIL
28 "A LUTA"
-- "AMERICAN POSITION DID NOT CHANGE REGARDING 'MAJOR LOAN':
300-MILLION-DOLLAR LOAN DID NOT SUBSTITUTE 550-MILLION-DOLLAR
INITIAL FIGURE."

3. IN THE NEGATIVE COLUMN:

(A) COMMUNIST "O DIARIO" OF APRIL 29 LEAD STORY WAS
HEADLINED "SOARES AND THE 'GIANT LOAN': 'WE MUST INVENT
A PROCESS'; U.S. EMBASSY DENIES WASHINGTON (STATEMENT)?"
LEAD QUOTED SOARES AS TELLING COUNCIL OF EUROPE ON APRIL 28
THAT CONSORTIUM LOAN WAS "INDISPENSABLE FOR SAVING DEMOCRACY
IN PORTUGAL.... WE HOPE TO FIND SOME WAY TO OBTAIN THAT LOAN."
PAPER CALLED LATER STATEMENT "A CLEAR RECOGNITION OF THE
FAILURE ANNOUNCED IN WASHINGTON."
IT CLAIMED EMBASSY LISBON DID NOT DENY WASHINGTON
STATEMENT BUT MERELY TERMED REPORT ON IT "MISLEADING".
EDITORIAL SAME PAPER SAID: "THE 'GIGANTIC LOAN' RECEIVED
THE FINAL DEATH BLOW EVEN BEFORE IT WAS BORN. WHEN
WASHINGTON OFFICIALLY SUGGESTS NEGOTIATIONS FOR 'AID (ON
A BILATERAL BASIS, THE CONSORTIUM PROMISED BY DR. MARIO SOARES
CAN BE CONSIDERED A DEAD ISSUE. THE MOST SHOCKING FACT IS
THAT THE DEPARTMENT OF STATE HAS FULL KNOWLEDGE THAT
MR. PAUL BOEKER'S STATEMENTS LEAVE THE PORTUGUESE PRIME
MINISTER IN A VERY DIFFICULT AND EVEN RIDICULOUS POSITION.
DR. SOARES HAD JUST VISITED THE U.S. OFFICIALLY.
HE RETURNED ANNOUNCING THE END-LL AND BE-ALL REGARDING LOANS
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PAGE 03 LISBON 03369 291529Z

AND CREDITS. HE DOUBTLESS EXAGGERATED... BUT SOMETHING
SUBSTANTIAL HAD BEEN PROMISED... THE REDUCTION OF THE ANNOUNCED
LOAN... TRANSLATES INTO A SHOW OF LACK OF CONFIDENCE BY THE
AMERICAN GOVERNMENT IN THE MARIO SOARES GOVERNMENT...
NO THE 'GIGANTIC LOAN' HAS GONE UP IN SMOKE AND THE
U.S. POURED COLD WATER ON THE PRIME MINISTER'S ENTHUSIASMS..."
(B) PRO-COMUNIST "DIARIO DE LISBOA" APRIL 28 SAID "ONE
INFERS FROM STATEMENTS MADE IN WASHINGTON THAT THE
'INTERNATIONAL CONSORTIUM' WILL NOT BE WORKED OUT" AND
THAT ONE OF THE SERIOUS DIFFICULTIES THIS CREATES FOR
SOARES GOVERNMENT "COULD BE A NEW DEVALUATION OF THE ESCUDO..."
(C) WEEKLY LEFTIST NEWSPAPER "O JORNAL" DATED APRIL 29
SAID THE INTERNATIONAL MEETING TO DISCUSS THE CONSORTIUM
WOULD TAKE PLACE MAY 17 IN PARIS. DESPITE THE AMERICAN EMBASSY'S
NOTE OF APRIL 28, THE PAPER SAID, "THE ATTITUDE TAKEN BY THE
OTHER COUNTRIES WHICH PARTICIPATE IN FORTHCOMING PARIS
MEETING COULD INFLUENCE THE FINAL TOTAL OF AMERICAN ASSISTANCE
(TO PORTUGAL)."
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